

Message Text

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ACTION EUR-25

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DEPARTMENT PASS TREASURY AND FRB

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TAGS: EFIN, UK

SUBJECT: REORGANIZATION AT THE BANK OF ENGLAND

REF: LONDON A-1229, OCTOBER 9, 1973

1. THE BANK OF ENGLAND HAS ESTABLISHED A NEW SENIOR POST
IN A MOVE TO TIGHTEN UP ITS SUPERVISION OF THE BANKING
COMMUNITY. MR. GEORGE BLUNDEN, 51, WILL HAVE FULL RESPON-
SIBILITY FOR BANKING SUPERVISION WHICH HAD FORMERLY BEEN
CARRIED OUT BY THE DISCOUNT OFFICE WHICH WILL CEASE TO
EXIST AS A SEPARATE ADMINISTRATIVE ENTITY.

2. JIM KEOGH, 57, THE PRESENT HEAD OF THE DISCOUNT OFFICE
IS TO RETIRE AT THE END OF THIS YEAR AND UNTIL THEN WILL
BE AVAILABLE FOR SPECIAL ASSIGNMENTS. THE DISCOUNT OFFICE
IS BEING REPLACED BY A NEW DIVISION WITHIN THE CASHIER'S
DEPARTMENT, WITH RODNEY GALPIN, 42, AT PRESENT MR. KEOGH'S
DEPUTY, TAKING CHARGE AS A DEPUTY CHIEF CASHIER.

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3. THESE CHANGES ARE NOT TOTALLY UNEXPECTED (SEE REFAIR).

THEY REFLECT A RECOGNITION THAT THE TASK OF SUPERVISING THE BANKING SYSTEM IN THE UK HAS GROWN ENORMOUSLY IN THE PAST FEW YEARS, WITH THE NUMBER OF BANKS PROVIDING STATISTICS TO THE BOE RISING FROM 160 IN 1967 TO NEARLY 300 AT PRESENT. THESE MOVES BY THE BOE ALSO COME AGAINST THE BACKGROUND OF THE PROBLEMS OF THE SECONDARY BANKS LAST YEAR AND HERSTATT, FRANKLIN NATIONAL AND ISRAEL-BRITISH, MORE RECENTLY. THE BANK HAS RECENTLY BEEN TIGHTENING UP ITS SUPERVISION OF THE LONDON-BASED EUROCURRENCY MARKET AS A RESULT OF THE LARGE INFLOW OF OIL SURPLUS FUNDS.

4. THE CHANGES ARE SEEN AS AN EVOLUTION FROM THE BANK'S EXISTING INFORMAL METHODS OF CONTROL, RATHER THAN ANY REVOLUTIONARY STEP. THEY DO NOT PRECLUDE ANY POSSIBILITY OF MORE SPECIFIC LEGISLATION ON BANKING CONTROL, THOUGH THE BANK HAS TENDED TO OPPOSE FORMAL MEASURES.

5. AS THE FINANCIAL TIMES NOTES, THE DISCOUNT OFFICE HAS BEEN DESCRIBED AS "THE GOVERNOR'S EYES AND EARS IN THE CITY" AND IT IS EXPECTED THE NEW FORM OF SUPERVISION WILL CONTINUE TO RELY ON THIS FORM OF CONTACT. MR. GALPIN WILL HAVE PRIME RESPONSIBILITY FOR THE BOE'S RELATIONS WITH THE MEMBERS OF THE LONDON DISCOUNT MARKET ASSOCIATION.

6. OTHER PERSONNEL CHANGES ANNOUNCED INCLUDE: MR. GUY DE MOUBRAY REPLACING MR. BLUNDEN AS CHIEF OF MANAGEMENT SERVICES, AND MR. J.G. DRAKE SUCCEEDING MR. DEMOUBRAY AS HEAD OF MANAGEMENT DEVELOPMENT.

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